

MEMORANDUM FOR DISTRIBUTION

12 May 95

FROM: SAF/AQ  
1060 Air Force Pentagon  
Washington DC 20330-1060

SUBJECT: Use of Earned Value on USAF Programs

Thank you for your recent responses on how you and your program managers use earned value in day-to-day program management. As you can imagine, the responses were as varied as the programs themselves. However, a few common threads have appeared. Most programs have given their Integrated Product Team (IPT) leads the responsibility for the performance measurement data of their IPT. This data is reviewed by the IPT and senior management at least once a month. ASC and SMC have integrated earned value into their IPT structure quite well and can provide a valuable source of expertise for all our program managers. Some of the Logistics Centers also use earned value to manage organic efforts.

One of the universal concerns raised was the timeliness of the data. We recently convened a Performance Measurement Process Action Team (PAT) which reviewed this issue, among others. Two PAT recommendations you can implement immediately may improve the timeliness of the data you receive. First, the use of Electronic Communication/Electronic Data Interchange (EC/EDI) procedures to obtain on line access to your contractor's database will allow you real time access to the data. Performance Analyzer software, which analyzes cost performance report data, is compatible with the EC/EDI standards. The F-22 and C-17 programs use a similar process to obtain online access. The second recommendation is to limit the variance reporting to only critical cost accounts agreed to by the contractor and government program managers. Reducing the amount of analysis done by the contractor should result in a more readable and earlier submittal of the CPR. I will forward the remainder of the PAT recommendations to you in the near future.

In light of the widespread use of earned value on USAF programs, I am reformatting the PEO and DAC Portfolio Reviews, effective immediately. The reviews will now have two parts, execution and strategic. The first part will review program execution and focus on the use of earned value data. All major contracts that meet the following criteria will be reviewed during this part of the review. The contract must be less than 90% complete and have an overall cost or schedule variance of more than +7% or less than -7%. Regardless of the percentage of variance, a contract will be reviewed if it exceeds a \$75M overall variance. The revised briefing content is attached. I will reissue AQ Policy Memo 94A-005 in the near future to formalize this change.

If you have any questions regarding the use of earned value on USAF programs or the Performance Measurement PAT results, contact Major Chris Pelc, SAF/AQXA, DSN 224-7845 or Ms. Marilyn McCauley, SAF/FMCC, DSN 225-3590. The local comptroller focal points are also excellent sources of information and are available to help.

//SIGNED//  
Darleen A. Druyun

## 2 Attachments

1. Distribution List
2. Revised PEO/DAC Portfolio Review Briefings